

Cabinet to soon consider law to retrench workers

- [Somesh Jha](#)

Unions oppose the proposal allowing firms with a staff of 300 to be sacked.

The Union Cabinet will soon consider a law to combine India's three archaic legislations to make it easier for companies to retrench employees and to raise severance pay.

Inter-ministerial consultations on the proposed Industrial Relations Bill were completed, and it would soon be submitted to the Cabinet, senior officials of the Labour Ministry said.

In a first, workers affected by retrenchment or factory closure will be re-skilled by employers.

Re-skilling fund

A re-skilling fund will be set up, and employers will contribute 30 days' wage of every retrenched worker immediately before the retrenchment.

An employer will need to give compensation to a worker laid off for prolonged illness. At present, organisations can lay off workers on the ground of continued ill-health without giving a one-month notice or compensation, both mandatory in other cases under the Industrial Disputes Act, 1947.

The Bill will club the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946, and the Industrial Disputes Act, 1947, into a single code. "The Bill is in the final stage of legal vetting, and it will be sent for the Cabinet's approval very shortly," an official said.

Trade unions continue to oppose the proposed law that will allow companies with a staff of 300 to retrench workers without government permission, up from the present requirement of up to 100 workers.

Compensation

But the compensation for a retrenched worker is proposed to be increased three times to 45 days' pay for every completed year of work, as against 15 days' pay at present. It will also tighten norms for establishing unions as no outsider will be allowed to become office-bearer of a union in the organised sector.

The proposed law would put an end to flash strikes as workers in all factories will have to give employers a strike notice of at least two weeks.

At present, only workers in public utilities are required to do so. Go-slows, gheraos, squatting or demonstrations by employees at employers' house, during conciliation proceedings, will not be allowed.

While it has been a long-pending demand of industry to amend the Industrial Disputes Act, trade unions strongly opposed the Bill when the government first proposed it in April last year. The unions went on a one-day strike nationwide against the planned labour reforms and non-fulfilment of their 10 demands.

The Union government had to set up a sub-committee to discuss the Industrial Relations Bill and proposed other measures to ease concerns of the unions.

Since then, the government has held several rounds of discussions with the unions and industry on the proposed Bill, but the resistance remains.

"We vehemently oppose the Bill. We asked the government to give more powers to labour commissioners, make it compulsory for employers to attend conciliation meetings and asked for harsher punishments to employers for violation of labour laws. However, the government is going ahead with its 'hire and fire' proposals," said B.N. Rai, president of the RSS-affiliated Bhartiya Mazdoor Sangh (BMS).

Constant protests from the trade unions have derailed the government's proposed labour reforms.

The Small Factories Bill, a separate labour law for factories with fewer than 40 workers, and the code on wages, have been sent to an inter-ministerial panel led by Finance Minister Arun Jaitley.

